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BEFORE THE DEPARTMENT OF COMMERCE AND INSURANCE
FOR THE STATE OF TENNESSEE

Dept. Of Commerce & Insurance
Company Examinations

IN THE MATTER OF:

HOSPITAL UNDERWRITING GROUP, INC.

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No.: 04-059

ORDER ADOPTING EXAMINATION REPORT WITH DIRECTIVES

Pursuant to Tenn. Code Ann. § 56-1-401, *et seq.*, the Insurance Division of the State of Tennessee Department of Commerce and Insurance (hereinafter referred to as the "Division") has examined certain affairs of Hospital Underwriting Group, Inc. (hereinafter also referred to as the "Company"), an insurance company domiciled in the State of Tennessee. As a result of an examination conducted as of the 31st day of December, 2002, the examiner-in-charge filed with the Division, on the 27th day of April, 2004, a verified, written report on examination, and a copy of that report has been sent to Hospital Underwriting Group, Inc. (The Report on Examination of Hospital Underwriting Group, Inc., is attached hereto and marked as Exhibit A). No written rebuttal was received to said examination report from the Company.

Pursuant to Tenn. Code Ann. § 56-1-411, said examination report regarding the affairs of Hospital Underwriting Group, Inc., filed with the Insurance Division of the State of Tennessee Department of Commerce and Insurance on the 27th day of April, 2004, is hereby **ADOPTED** as filed with the following **DIRECTIVES**:

1. The Company is **DIRECTED** to comply with Tenn. Code Ann. § 56-11-206 by filing all applicable transactions at least thirty (30) days prior to their entry. Should any such transactions previously entered into not have received approval, the Company is further **ORDERED** to file all such transactions with the Department for its review and approval.

2. The Company is **DIRECTED** to comply with Tenn. Code Ann. § 56-13-116 by maintaining bona fide surplus funds in the amount of Three Hundred and Fifty Thousand Dollars (\$350,000).
3. The Company is **DIRECTED** to comply with Tenn. Code Ann. § 56-1-501 by filing accurate annual statements and preparing its financial statements in accordance with the National Association of Insurance Commissioners' Accounting Practices and Procedures Manual. Such preparation includes, but is not limited to, accurately reporting the assets of the Company in light of Tenn. Code Ann. § 56-1-405.

The company shall comply with the directives contained in this order within thirty (30) days of its entry.

The adoption of this examination report shall not preclude the Department from imposing sanctions against Hospital Underwriting Group, Inc. for potential violations of the Tennessee Insurance Law which may be revealed in the examination report, it being the intent of this Order Adopting Examination Report With Directives merely to adopt the examination report filed by the examiner-in-charge.

It is so **ORDERED**.

ENTERED this the 30th day of June, 2004.

Paula A. Flowers

Paula A. Flowers, Commissioner
Department of Commerce and Insurance
State of Tennessee

PREPARED FOR ENTRY:

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the foregoing Order Adopting Examination Report as Filed has been messenger mailed to Larry C. Knight, Jr., Assistant Commissioner for Insurance, Department of Commerce and Insurance, and Don Spann, Chief Examiner, Department of Commerce and Insurance, and mailed, first class, postage prepaid, to Hospital Underwriting Group, Inc., 25 Century Boulevard, Suite 103, Nashville, Tennessee 37214; on this the 6th day of July, 2004.

Eric J. Stansell
Eric J. Stansell
Certifying Attorney